



# CASE STUDY

## PROMOTION EFFECTIVENESS

## CLIENT SITUATION

A billion-dollar specialty retail chain in the US signed up Impact Analytics (IA) to assess their on-going promotions (“promo/s”) and offer data analytics solutions to address inefficiencies

- Every year, the company ran about 65,000 multiple format promos (coupons, clearances, rollbacks, etc.), making promo management a severe challenge

The management suspected toxic promos were wounding the margins and sought our expertise to fix the problem

## THE SOLUTION

One of our earliest observations was that category managers who ran promos for the company were not supported by the right digital and data capabilities. We assessed that a decision-support platform that runs proper data analysis would be their ideal desktop help. The management agreed

We began work on the platform with two objectives

Tackling toxic promos

Enhancing the effectiveness of underperforming non-toxic promos

Promo\$mart, our intelligent promo-strategy product was deployed in the field. Three years of promo data was collated, cleaned and analyzed. Data models were built to identify campaign successes and failures. These also helped identify and analyze net margin lift impact and associated effects such as cannibalization of private label products, basket size expansion, affinity effects and pull-forward



Statistical modeling was employed to delineate interactions between effects, and factors like seasonality, trend, etc. were considered. We then used time-series regression models to predict promo response and margin impact for all promos, across all product categories



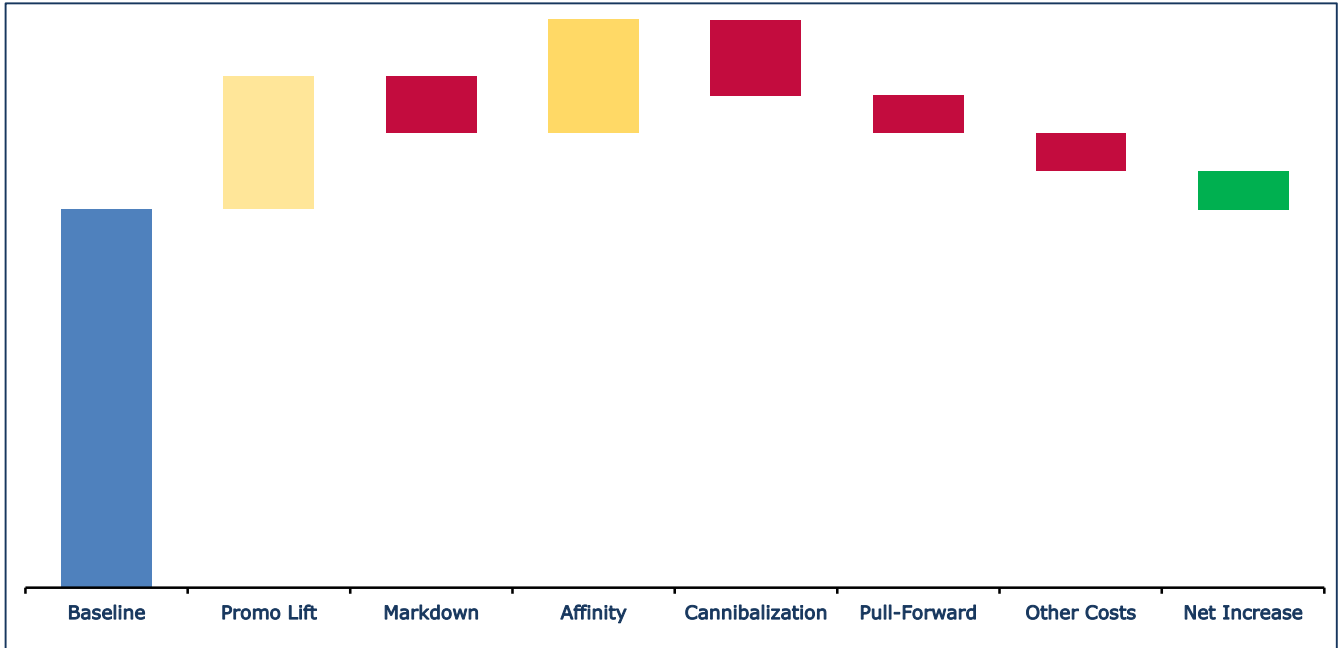
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### Determining Net Increase in margin, inclusive of secondary effects

- Additionally, we developed a feature for category managers to view specific promo results across key metrics such as margin lift, footfall lift, unit lift, display lift etc.
- The tool also enabled managers to simulate new promos, predict their potential performance and visualize the response while designing/ approving new promos.
- Our solution has succeeded in empowering category managers with a data-driven, decision-making business intelligence dashboard to develop and deploy a profitable and sustainable promo strategy.

**ELIMINATION OF TOXIC PROMOS → 30%  
REDUCTION IN PROMOS**

The overall impact of utilizing the platform has been a 30 percent reduction in overall promos, elimination of toxic promos and an estimated margin dollar upside of USD 2.5 Mn per year



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